United Nations A/57/7/Add.16

General Assembly

Distr.: General
27 November 2002

Original: English

Fifty-seventh session
Agenda item 112
Programme budget for the biennium 2002-2003

First performance report on the programme budget for the biennium 2002-2003

Seventeenth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the first performance report of the Secretary-General on the programme budget for the biennium 2002-2003 (A/57/616). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarifications.

2. In accordance with the recommendations of the Advisory Committee, endorsed by the General Assembly at its thirty-second session, the performance report identifies adjustments required owing to variations in the rates of inflation and exchange and in standards assumed in the calculation of the initial appropriations. The performance report also takes into account the additional mandates that the General Assembly and the Security Council have approved after the appropriation of the programme budget, unforeseen and extraordinary items that could not be deferred to the second year of the biennium and decisions of policy-making organs that, in the view of the Secretary-General, are best dealt with in the context of the first performance report.

3. **The Advisory Committee intends to consider, in the context of the proposed programme budget for 2004-2005, appropriate changes to the performance report in the light of the development of results-based budgeting.**

4. The estimated revised requirements under the expenditure sections of the programme budget for the biennium 2002-2003 amount to US$ 2,914,407,800, as indicated in paragraph 5 of the performance report. These provide for an increase of $215,140,000 compared with the total appropriation of $2,699,267,800 approved by the General Assembly in its resolutions 56/240 A of 24 December 2001 and 56/274 B and 56/286 of 22 June 2002. As indicated in paragraph 6 of the report, during the current session of the General Assembly, the Secretary-General has also issued, or is about to issue, revised estimates and statements of programme budget

02-71491 (E) 291102

implications in response to draft resolutions considered by the Main Committees. These amounts are being handled outside the first performance report but will impact the level of the revised appropriations. The Advisory Committee was informed, upon enquiry, of the updated estimates of these amounts which are reproduced in annex I to the present report. Under the procedures for the operation of the contingency fund (General Assembly resolutions 41/213 and 42/211), the Secretary-General will be submitting, in December 2002, a consolidated statement of all revised estimates and statements of programme budget implications considered thus far at the fifty-seventh session of the General Assembly in respect of the programme budget for the biennium 2002-2003.

5. As can be seen from the table in paragraph 5 of the performance report, the increase of $215,140,000 in expenditures reflects the impact of the following: (a) additional requirements of $12,872,300 under unforeseen and extraordinary expenses in respect of peace and security, the International Court of Justice and inter-organizational security measures in accordance with General Assembly resolution 56/256 of 24 December 2001; (b) additional requirements of $88,969,900 resulting from decisions of policy-making organs, including special political missions; and (c) additional requirements of $113,297,800 related to variations in budgetary assumptions, including changes in exchange rates ($33,764,200), adjustments to standard salary costs ($4,416,500), vacancies ($20,411,600) and the recommendations of the International Civil Service Commission on net remuneration ($26,676,800).

6. Information on the additional requirements of $12,872,300 resulting from unforeseen and extraordinary expenses, which fall under the terms of General Assembly resolution, is contained in paragraphs 7 to 9 of the performance report. Of the total of $12,872,300, commitments were entered into in the following amounts: (a) $4,448,300 certified by the Secretary-General as relating to the maintenance of peace and security; (b) $8,086,400 concurred in by the Advisory Committee in respect of decisions by the Security Council; (c) $329,300 certified by the President of the International Court of Justice as relating to unforeseen expenses in respect of the Court; and (d) $8,300 for inter-organizational security measures.

7. Paragraphs 10 to 25 of the performance report provide an explanation of the additional requirements of $88,969,900 related to decisions of policy-making organs. These include amounts related to special political missions established by the Security Council ($77,211,200), conference-servicing support requirements for the Counter-Terrorism Committee ($11,143,200) and requirements related to the implementation of General Assembly resolutions 56/254 D, 56/266 and 56/272 of 27 March 2002 concerning the follow-up to the World Conference on Racism and adjustment to the level of honorariums, respectively ($615,500).

8. As indicated in paragraph 11 of the report, the Secretary-General has submitted a separate report on estimates in respect of matters of which the Security Council is seized (A/57/616). The comments, observations and recommendations of the Advisory Committee in respect of the Secretary-General's estimated requirements of $77,211,200 are contained in document A/57/7/Add.17. **The Committee points out that the actual amounts that would be required during the current biennium will be known only after the General Assembly takes a decision on the matter.**

9. In connection with the estimated requirements of $11,143,200 for conference and central support services for the Counter-Terrorism Committee, the Advisory

Committee observes from paragraph 18 of the performance report that resource requirements for the Counter-Terrorism Committee for the year 2003 are projected at $5,662,800, compared with $5,480,400 for 2002, that is, a growth of $182,400. **The Committee is of the view that the performance report should have provided sufficient justification for the assumption that the activities of the Counter-Terrorism Committee would continue in 2003 at a level comparable to the level reached during the current year.** The Committee recalls that in paragraph 10 of its report (A/56/7/Add.11) it recommended that the General Assembly invite the Security Council to ensure that the proceedings of the Counter-Terrorism Committee and other subsidiary bodies of the Council that required conference servicing were conducted with due regard to the most efficient use of conference-servicing resources. As indicated in paragraph 16 of the performance report, the Security Council intends to review the structure and activities of the Counter-Terrorism Committee no later than 4 April 2003. **In this connection, the Advisory Committee points out that the estimated requirements for the Counter-Terrorism Committee for 2003 may need to be revised as appropriate, in the light of the Security Council' s review.**

10. The Advisory Committee also notes from paragraph 25 of the performance report that expenditures for public information activities for the Second World Assembly on Ageing, held in April 2002, amounted to $149,500, and that no additional appropriation is requested at this stage. The Committee recalls that the question of the financing of the information campaign for the Second World Assembly on Ageing was to be considered by the General Assembly in the context of the first performance report. **Under the circumstances, the Advisory Committee does not concur in the procedure outlined in the last sentence of paragraph 25 of the performance report, by which the matter could be revisited in the context of the second performance report.**

11. Paragraphs 26 to 29 of the performance report provide information on the additional requirements of $33,764,200 resulting from exchange rate fluctuations. The Advisory Committee notes that the methodology used by the Secretary-General in recosting the impact of exchange rate fluctuations is in conformity with the recommendation of the Committee that the Secretary-General should use such operational rates of exchange in its recosting exercises as would allow for the lowest estimates in each case (A/51/7/Add.6, para. 5). Schedule 3 of the report provides detailed information on the operational rates of exchange in 2002 for all main duty stations. The Committee also notes that, as stated in paragraph 26 of the report, adjustments resulting from actual experience in 2003 will be reflected in the second performance report. Annexes II and III (a) and (b) to the present report provide information on the exchange rate changes by duty stations and the performance of the euro and the Swiss franc against the United States dollar, respectively.

12. Information on additional requirements of $28,028,700 resulting from the application of revised inflation rates is reflected in paragraphs 30 to 33 of the performance report. The revised rates are based on promulgated post adjustment multipliers, the latest available information on consumer price indices and actual versus budgeted cost-of-living adjustments. The Advisory Committee notes from paragraph 31 of the report that, while the revised rates in non-post objects of expenditure are generally slightly lower than had been initially foreseen, the most significant exception relates to increased inflationary costs associated with after-service health insurance and general insurance. Schedules 1 and 2 of the

performance report contain detailed information on the revised inflation rates for all main duty stations.

13. Paragraphs 34 to 36 of the performance report deal with the increased requirements of $4,416,500 attributable to adjustments to standard salary costs, which are also detailed in annex IA to the performance report.

14. An explanation of the estimated additional requirements of $20,411,600 related to lower than budgeted vacancy rates is given in paragraphs 37 to 40 of the performance report. The Advisory Committee recalls that the average vacancy rates approved by the General Assembly in its resolution 56/253 of 24 December 2001 were 6.5 per cent for staff in the Professional and higher categories and 3.1 per cent for General Service and related categories of staff. As indicated in paragraphs 38 and 39 of the report, the application of these rates to continuing posts, together with higher vacancy rates applied to new posts, results in an effective budgeted rate of 7.9 per cent for the Professional and higher categories and 4.2 per cent for the General Service and related categories. As indicated in the same two paragraphs, the realized 2002 vacancy rate amounted to 7.4 per cent for staff in the Professional and higher categories and 2.7 per cent for staff in the General Service and related categories. In this connection, the Committee recalls that in setting the vacancy rates applicable to the budget for the biennium 2002-2003, the General Assembly stated in paragraph 56 of its resolution 56/253 that, "should the realized vacancy rates be lower than those budgeted, the General Assembly would provide additional resources, if required, in the first and/or second performance report, so as to preclude the need for any constraint on recruitment of staff". Annexes IV and V to the present report illustrate the development of vacancy rates during 2002 in the Professional and higher category of staff and in the General Service and related categories, respectively. Annex VI provides vacancy statistics by budget sections. **The Committee notes that in a number of sections the vacancies are quite high; in future, a brief explanation should be provided.**

15. As indicated in paragraph 41 of the performance report, the estimated additional requirements of $26,676,800, which relate to the twenty-eighth annual report of the International Civil Service Commission,[1] were outlined in detail in the related statement of the Secretary-General (A/57/450). **The Advisory Committee points out, in this connection, that the actual requirements resulting from the decisions and recommendations of the International Civil Service Commission will be known only after the decision of the General Assembly on this matter.**

16. Paragraphs 43 to 51 of the performance report deal with "other issues", including the impact of the across-the-board reductions in the budgeted level of specific operational requirements for 2002-2003. **The Advisory Committee is of the view that this information is not complete, as it does not reflect the full impact of the reductions on approved activities of the Organization.**

17. Paragraphs 53 to 56 of the performance report deal with revised requirements under income sections of the programme budget for the biennium 2002-2003. As can be seen, an increase of $17,367,900 under income section 1, Income from staff assessment, is offset in part by a decrease of $5,330,000 under income section 2, General income, and by a net decrease of $5,046,100 under income section 3, Services to the public. Annex IV to the performance report provides additional information on the revised estimates under income section 3. As indicated therein, several developments have had a profound effect on gross revenues, including a

significant decrease in visitors to the Headquarters complex since September 2001, the decline in worldwide economic conditions and the introduction of Euro-only stamps in 2002. The Committee notes that a number of measures are being taken to reduce the level of expenditures under income section 3. Such measures include, for example, a proposal to freeze a number of vacant posts in the United Nations Postal Administration (see para. 7 of annex IV to the performance report).

18. In this connection, the Advisory Committee recalls its observation that: **"in view of the continuing decline in income from the sale of stamps and even the potential for a loss, the Advisory Committee is of the view that there is a need for a fundamental rethinking of the way this activity is run; in this connection, the possibility of outsourcing this activity to an enterprise specializing in the production and marketing of philatelic material should be explored."**[2]

19. **The Advisory Committee recommends that the General Assembly approve the revised estimates contained in the Secretary-General's report subject to such adjustments as may be necessary as the result of its consideration of the estimates with regard to matters of which the Security Council is seized (see para. 8 above), the report of the International Civil Service Commission (see para. 15 above) and the consolidated statement of revised estimates and programme budget implications (see para. 4 above).**

Notes

[1] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 30* (A/57/30).

[2] Ibid., *Fifty-sixth Session, Supplement No. 7* (A/56/7), chap. II.B, para. IS3.8.

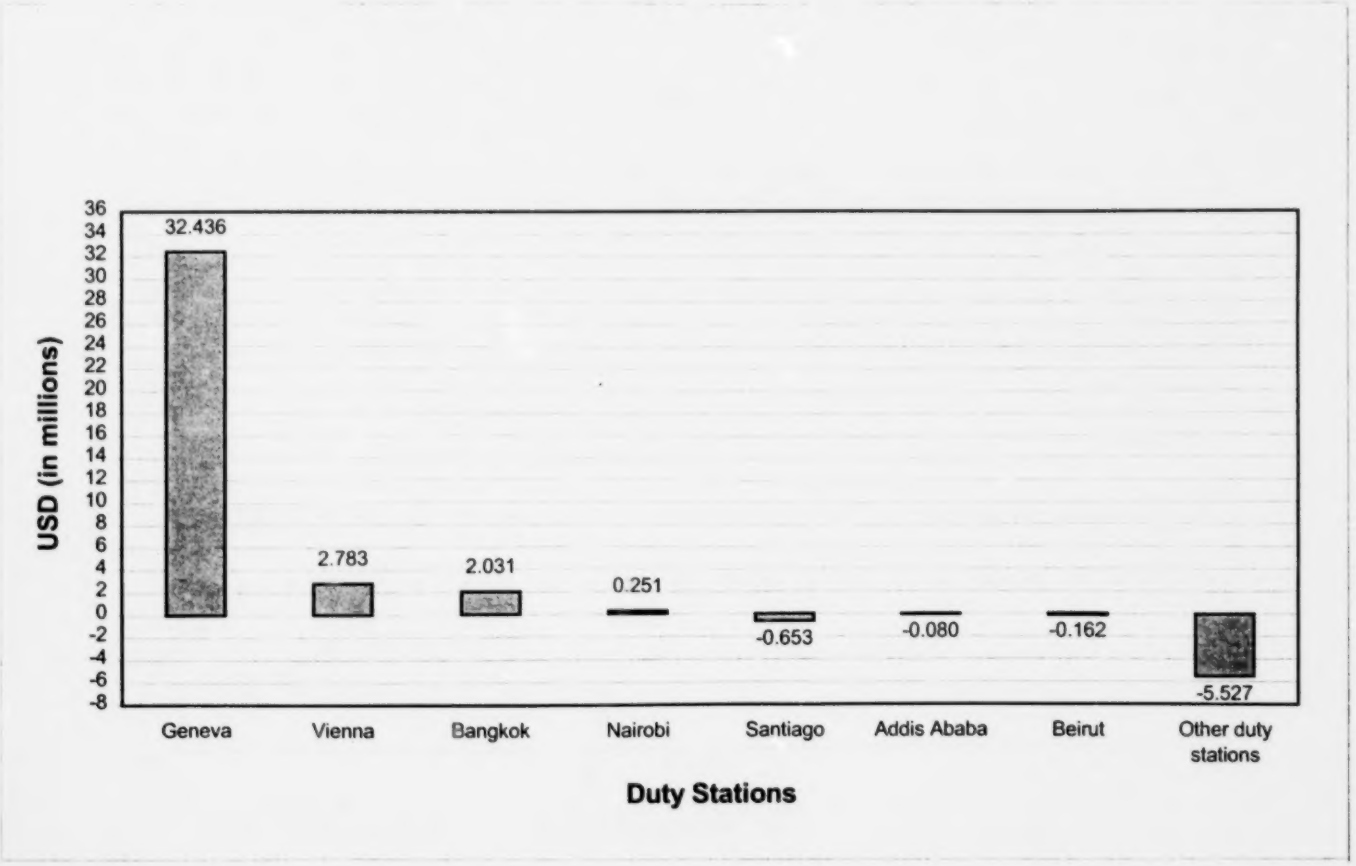
Annex I

Updated list of estimates relating to statements of programme budget implications

	Appropriation requirements at the fifty-seventh session	
	Statements of programme budget implications and revised estimates submitted	*As recommended by the Advisory Committee*
Potential charges to be made against the contingency fund		
Economic and Social Council revised estimates (A/C.5/57/13)	599.9	599.9
Permanent Forum on Indigenous Issues (A/C.5/57/26)	455.8	455.8
Khmer Rouge trials (A/C.3/57/L.87)	44.8	Not yet reviewed
INSTRAW (A/C.5/57/24)	500.0	Not yet reported
UNITAR (A/57/479	152.7	152.7
Strengthening the Terrorism Prevention Branch (A/57/152)	563.8	0.0
Strengthening the Department of Public Information web site (A/57/355)	1 297.5	0.0
Small island developing States (anticipated A/C.2/57/xx)	0.0	-
Follow-up to the International Conference on Financing for Development (anticipated A/C.2/57/xx)	???	-
Total estimates	**3 614.5**	
Estimates of programme budget implications relating to General Assembly-mandated special political missions		
(i) MINUGUA	12 800.0	Not yet reviewed
(ii) Central American peace process	224.3	Not yet reviewed
(iii) Situation of human rights in Myanmar	229.1	Not yet reviewed
Total estimates	**13 253.4**	

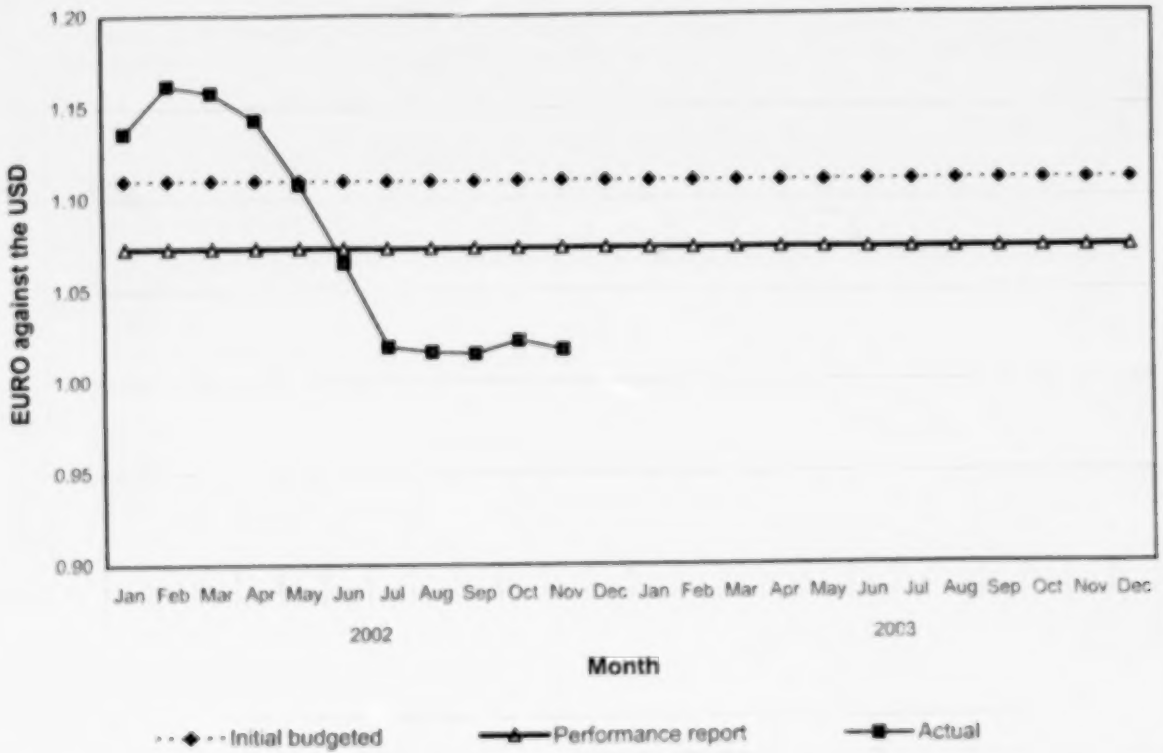
Annex II

Composition of exchange rate changes by duty station



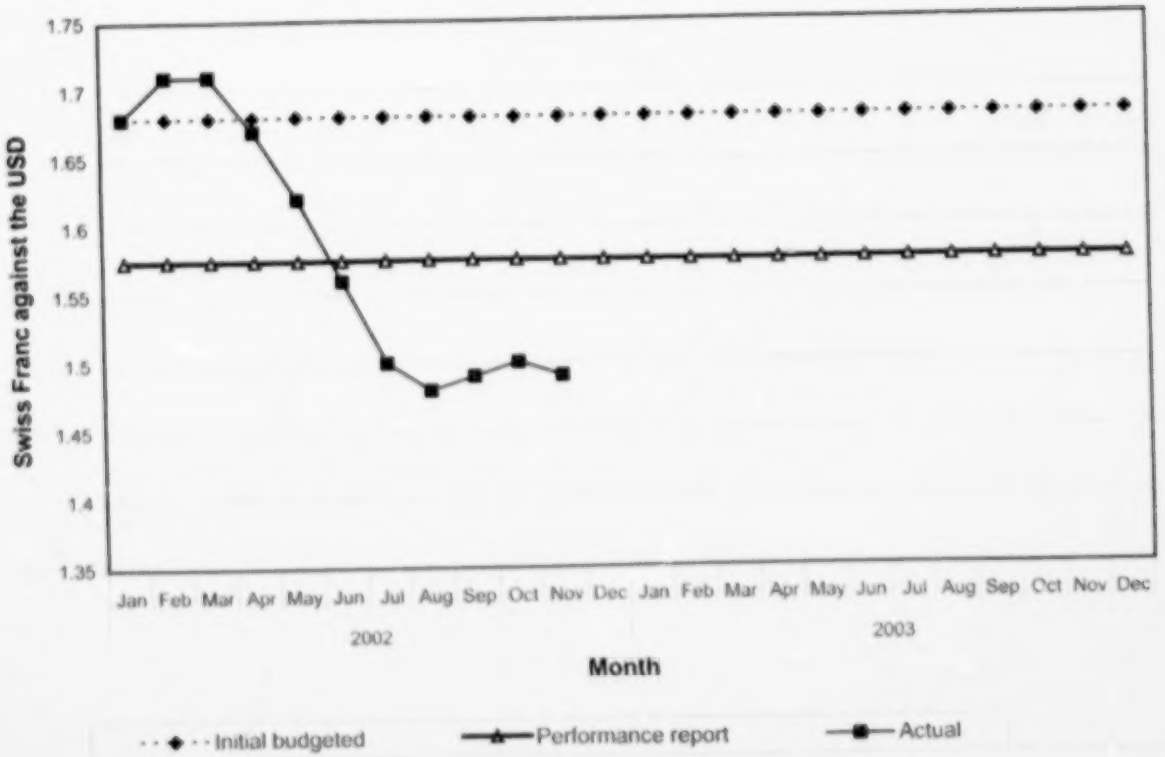
Annex III (a)

Performance of the Euro against the United States dollar



Annex III (b)

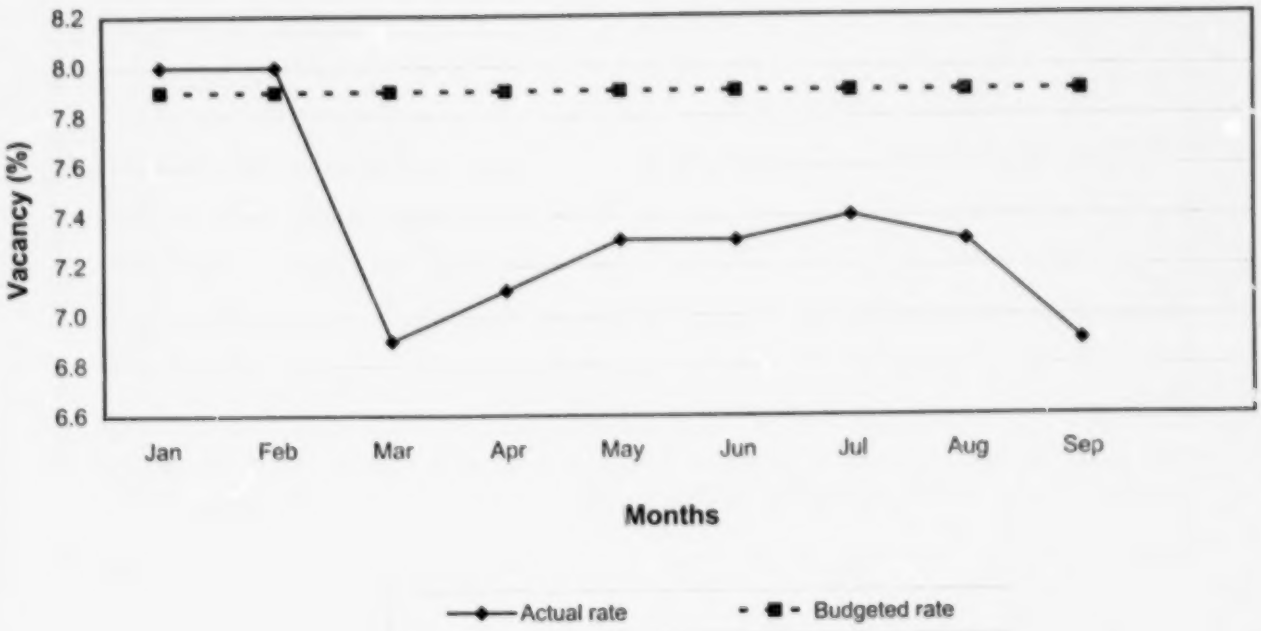
Performance of the Swiss Franc against the United States dollar



A/57/7/Add.16

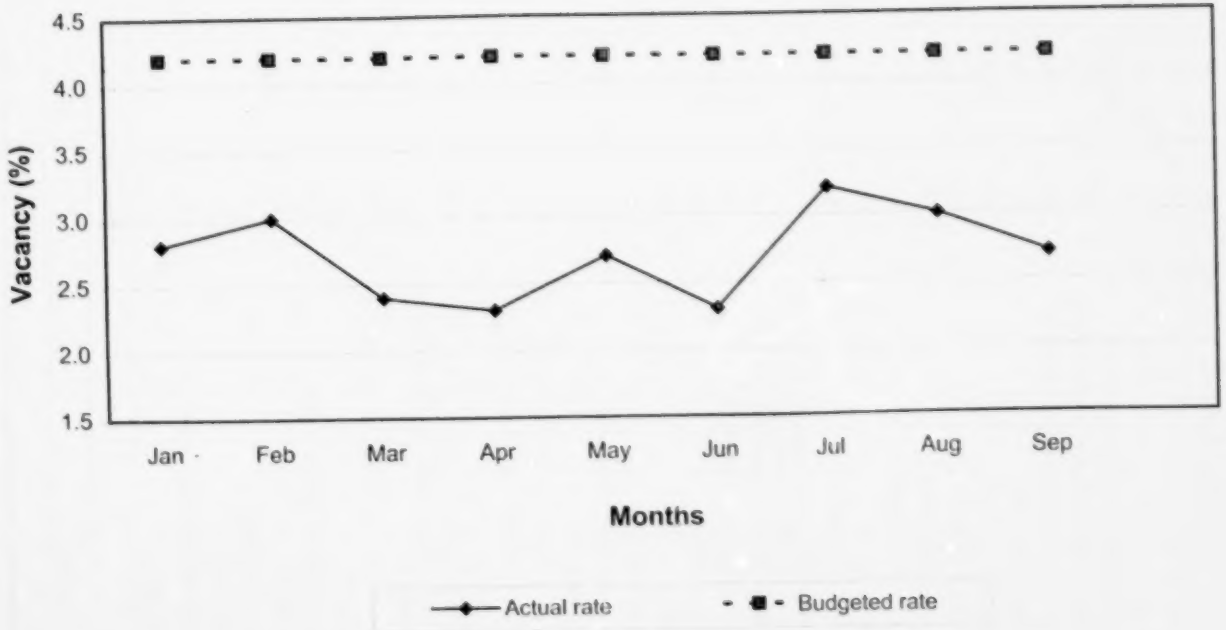
Annex IV

Vacancy rates 2002: professional category
Budgeted and actual rates



Annex V

Vacancy rates 2002: general service category
Budgeted and actual rates



Annex VI

Vacancy statistics of authorized posts under the regular budget (by section)

As of 30 September 2002

Section		*Professional*			*General Service*			*Total*		
		Authorized	*Vacant*	*Rate*	*Authorized*	*Vacant*	*Rate*	*Authorized*	*Vacant*	*Rate*
1.	Overall policy-making, direction and coordination	63	6	9.5	76	2	2.6	139	8	5.8
2.	General Assembly and conference management	940	21	2.2	984	3	0.3	1 924	24	1.2
3.	Political affairs	136	9	6.6	115	5	4.3	251	14	5.6
4.	Disarmament	33	1	3.0	20	0	0.0	53	1	1.9
5.	Peacekeeping operations	44	6	13.6	310	18	5.8	354	24	6.8
6.	Peaceful uses of outer space	15	6	40.0	5	0	0.0	20	6	30.0
7.	International Court of Justice	40	4	10.0	51	0	0.0	91	4	4.4
8.	Legal affairs	82	2	2.4	63	2	3.2	145	4	2.8
9.	Economic and social affairs	303	17	5.6	226	2	0.9	529	19	3.6
9A.	Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States	9	5	55.6	4	1	25.0	13	6	46.2
10.	Africa: New Agenda for Development	14	2	14.3	9	0	0.0	23	2	8.7
11A.	Trade and development	226	13	5.8	167	7	4.2	393	20	5.1
12.	Environment	28	0	0.0	17	0	0.0	45	0	0.0
13.	Human settlements	46	3	6.5	25	0	0.0	71	3	4.2
14.	Crime prevention and criminal justice	22	0	0.0	7	0	0.0	29	0	0.0
15.	International drug control	49	0	0.0	24	0	0.0	73	0	0.0
16.	Economic and social development in Africa	222	58	26.1	350	24	6.9	572	82	14.3
17.	Economic and social development in Asia and the Pacific	175	10	5.7	297	8	2.7	472	18	3.8
18.	Economic development in Europe	119	4	3.4	79	1	1.3	198	5	2.5
19.	Economic and social development in Latin America and the Caribbean	186	15	8.1	307	19	6.2	493	34	6.9
20.	Economic and social development in Western Asia	106	12	11.3	164	4	2.4	270	16	5.9
22.	Human rights	109	14	12.8	57	1	1.8	166	15	9.0
23.	Protection of and assistance to refugees	2	0	0.0	0	0	0.0	2	0	0.0
24.	Palestine refugees	94	17	18.1	11	0	0.0	105	17	16.2
25.	Humanitarian assistance	41	2	4.9	17	0	0.0	58	2	3.4
26.	Public information	280	11	3.9	474	8	1.7	754	19	2.5
27.	Management and central support services	374	26	7.0	1 285	36	2.8	1 659	62	3.7
28.	Internal oversight	61	1	1.6	30	1	3.3	91	2	2.2
	Subtotal	**3 819**	**265**	**6.9**	**5 174**	**142**	**2.7**	**8 993**	**407**	**4.5**
Inc	Services to the public	20	3	15.0	104	2	1.9	124	5	4.0
	Grand total	**3 839**	**268**	**7.0**	**5 278**	**144**	**2.7**	**9 117**	**412**	**4.5**